



FY 2016 Public Hearing

Recommended FY 2016 Budget Overview

Michael D. Mallinoff,

County Administrator

David M. Eicholtz,

Director of Fiscal and Administrative Services

Jenifer M. Ellin,

Chief of Budget

Public Hearing Agenda:

May 20, 2015

- Reading of the Public Notice
- Opening Remarks
- Budget Process
- General Fund
- Enterprise Funds
- Capital Improvement Program (CIP)
- Fees & Charges
- Public Comments
- Adjourn

County Administrator

Michael Mallinoff

Opening Remarks

The Budget Process and Adoption is the single most important part of policy making.

Fiscal Reputation

- Bond Ratings
 - Fitch: AAA
 - Standard and Poor's: AAA
 - Moody's: Aa1

Bond Rating Agencies Criteria

- Sound fiscal policies/management
- Healthy fund balances
- Pension/OPEB liabilities
- Operating/Capital budget planning
- Economic climate and development
- Ability/desire to raise revenue in order to manage cost

What could make ratings go up?

- Growth and diversification of tax base
- Sustained increase in fund balance

What could make ratings go down?

- Declines in fund balance
- Stagnation or decline in tax base

The Budget Process

- Begins in the Fall with the Fiscal & Administrative Services Department Budget Division making expenditure recommendations
- Department/Agencies requests are formally submitted to the Budget Division

The Budget Process

- The Budget Division meets with Departments/Agencies in January
- County Administrator & Budget Division meets with Departments/Agencies in February

The Budget Process

- Commissioner Work Sessions:
 - March 3rd: Review of Other Enterprise Funds – Operating & CIP
 - March 10th : Review of Water & Sewer Enterprise Fund – Operating & CIP
 - March 17th: General Fund CIP Budget Work Session

The Budget Process

- Commissioner Work Sessions (cont.):
 - April 28th: General Fund Work Session
 - May 5th: General Fund Work Session
 - May 12th: General Fund Work Session
 - May 19th: General Fund Work Session
 - May 20th: Required Public Hearing
 - June 2nd: Recap and Final Review
 - June 9th: Budget Adoption

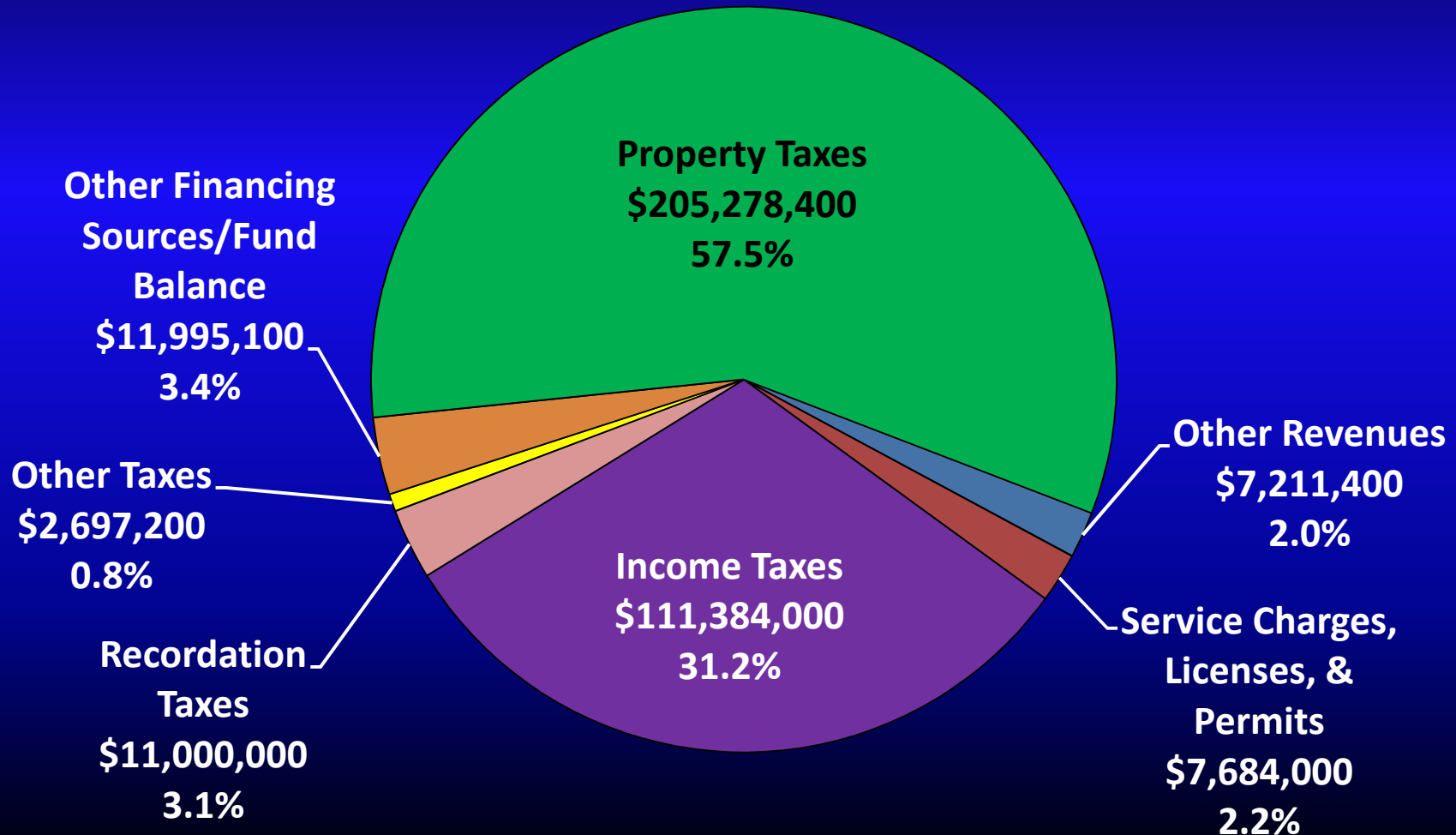
General Fund

Fiscal Year 2016 Overview

	FY15 Budget	FY 16 Requested	\$ Chg from FY 2015	% Chg	FY16 Baseline
Revenues	\$346,828,200	\$348,624,100	\$1,795,900	1.0%	\$348,624,100
Other Sources	7,687,000	8,626,000	939,000	12.2%	8,626,000
Total	\$354,515,200	\$357,250,100	\$2,734,900	1.0%	\$357,250,100
Expenditures:					
Board of Ed.	161,921,600	182,565,300	20,643,700	12.8%	166,121,100
Sheriff	78,455,600	88,006,800	9,551,200	12.2%	78,962,200
County Dept.	53,397,300	59,366,800	5,969,500	11.2%	54,515,500
Debt Service	21,706,100	24,679,700	2,973,600	13.7%	24,679,700
Other	39,034,600	43,021,600	3,987,000	10.2%	40,911,900
Total	\$354,515,200	\$397,640,200	\$43,125,000	12.1%	\$365,190,400
Deficit	\$0	(\$40,390,100)			(\$7,940,300)

FY16 Revenue Overview

Total = \$357,250,100



What would the Property Tax increase need to be to balance the FY16 Requested Budget?

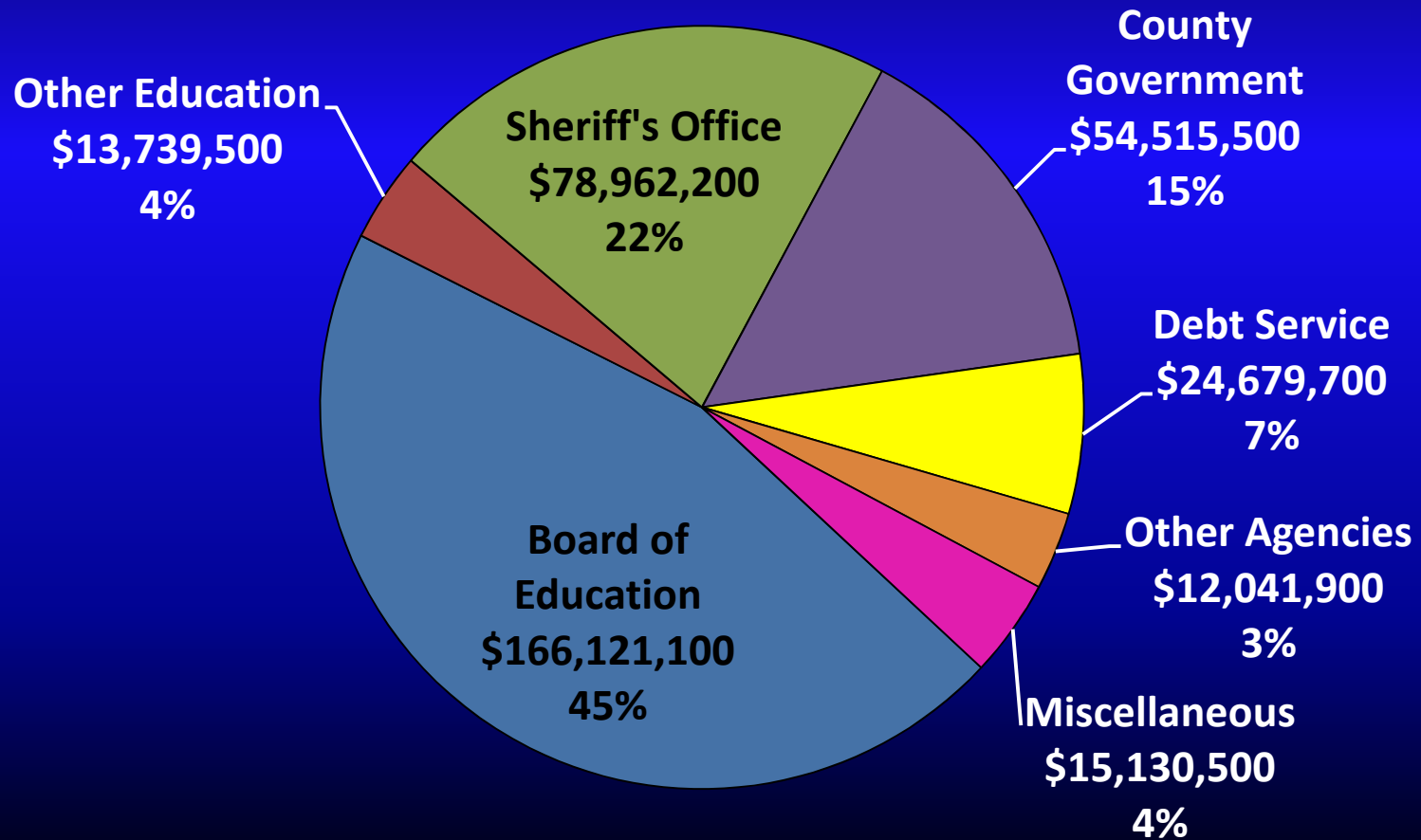
- 22.4 cent increase on the Property Tax Rate to cover the \$40,390,100 Requested Budget deficit.
- This would result in an 18% increase on the property tax bill.

Request vs. Baseline



Baseline Expenditure Overview

Total = \$365,190,400



What's in the baseline budget?

- Board of Education – \$4,199,500 budget increase compared to FY15
 - For Teachers' Pension cost shift
 - Base budget has been reduced for the State mandated Maintenance of Effort - \$678,100 with decreasing student enrollment.
 - Includes \$3.9 million additional funding for the full cost of St. Charles High School.

What's in the baseline budget?

- Sheriff's Office – \$506,600 budget increase, 1% greater than FY15
 - Increase fringe primarily due to Pension and Worker's Compensation costs.
 - Expanded Fingerprinting Services.
 - Capital Lease in the amount of \$1,256,400 for replacement capital items.

What's in the baseline budget?

- Contingency budget of \$1,149,000 for storm related costs and potential revenue shortfalls.

What's in the baseline budget?

- Worker's Compensation increase of \$190,700
- Health & Dental increase of \$171,900
- OPEB strategic funding plan, \$250,000 increase over FY15

What's in the baseline budget?

- Absorbing the Golf Course operations into the General Fund- net cost of \$246,400
- County match increase related to state and federal grants - \$376,400
- Capital lease of \$6,979,100 includes \$4,890,700 for portable radio replacement.

Budget Balance Considerations

- Maintain Government service levels.
- Relieve pressure on property and income tax rates.
- Maintain highly rated financial position.
- Minimize use of cash reserves to \$4 million (10% of Fund Balance)

Proposed Budget Solutions

Total = \$7,940,300

- \$1,000,000 – Contingency cut
- \$ 808,600 – Debt restructure
- \$1,247,000 – Revised Revenue Estimates
- \$4,884,700 – Tax Increases
 - Transfer Tax: 0.1% = \$1,000,000
 - Income Tax: 0.01% = \$160,000 in the first year
 - Property Tax: 1 cent = \$1,800,000

Proposed Budget Solutions

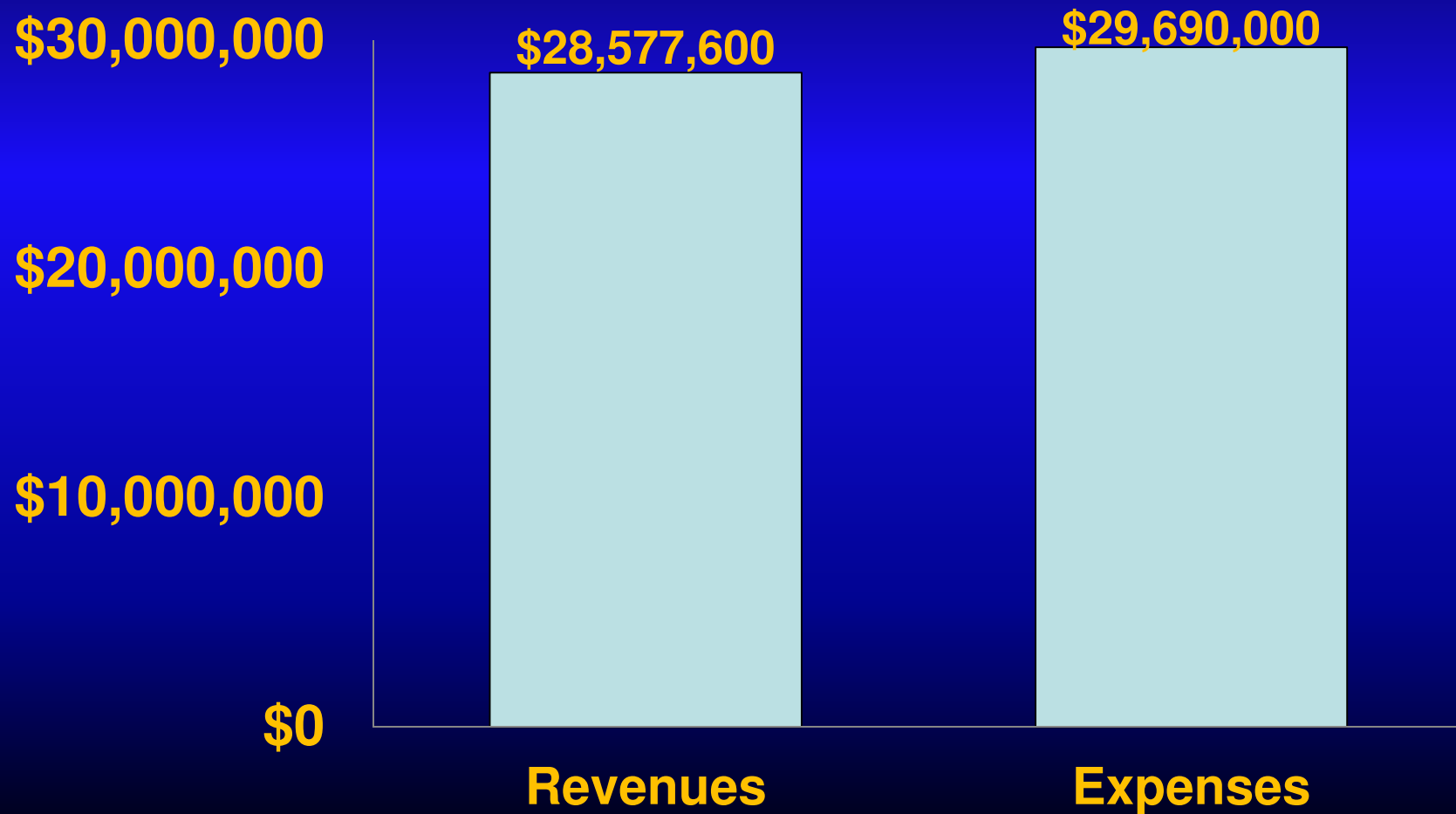
Revised Revenue Estimate

Total = \$1,247,000

- **\$400,000** – Increase Cable Funds subsidy
- **\$300,000** – Increase Recordation Tax Estimate based on current trends
- **\$547,000** – Increase Income Tax Estimate based on most recent distribution

Enterprise Funds

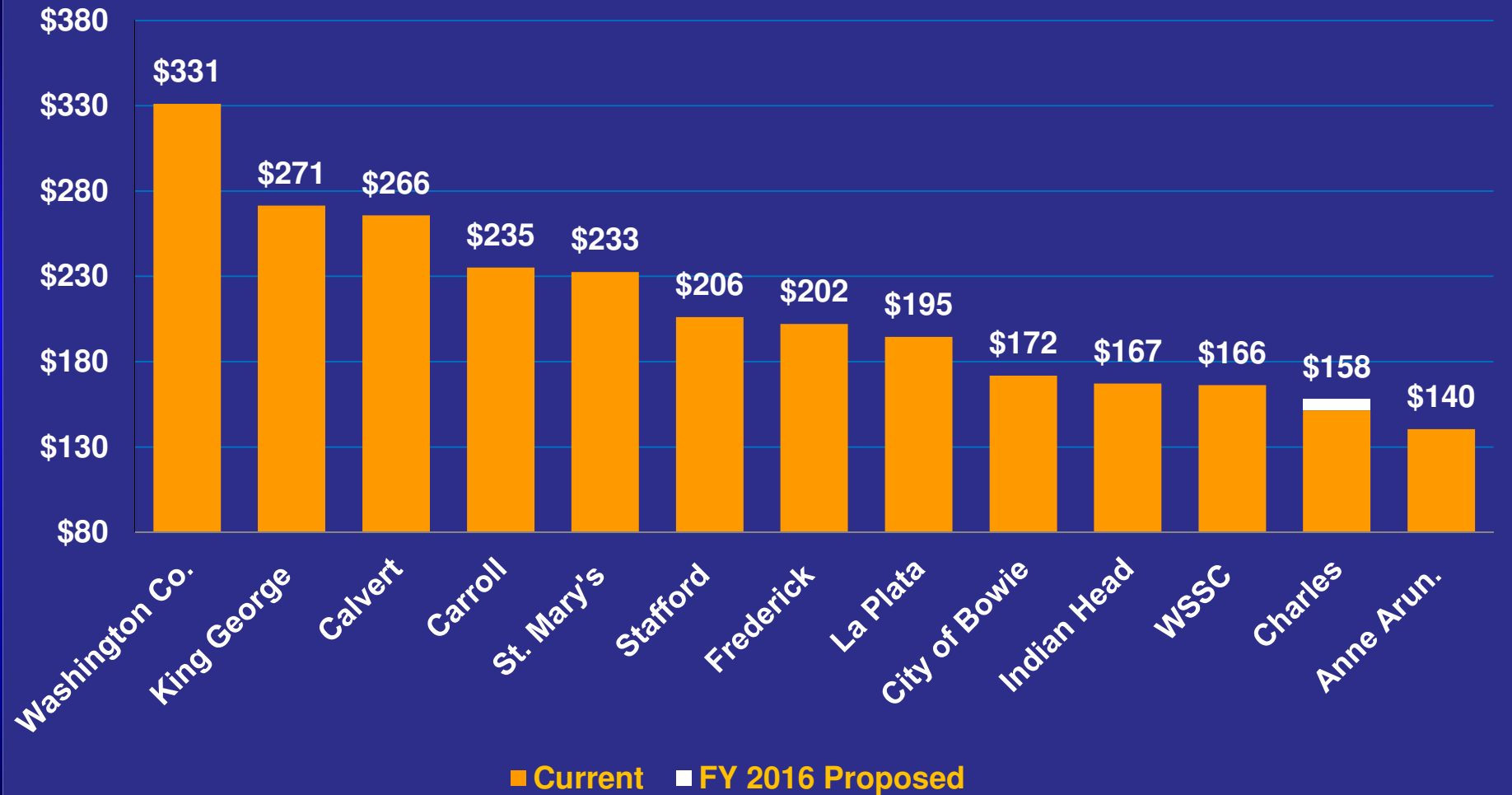
FY 16 Water & Sewer Operating Budget



Water & Sewer Fund

- A rate increase of approximately 4.4% is recommended to balance the budget
- What is causing the rate increase?
 - Debt Service for bonds issued for major capital project costs.
 - Increase in Electricity.
 - Additional water purchase from Washington Suburban Sanitary Commission.

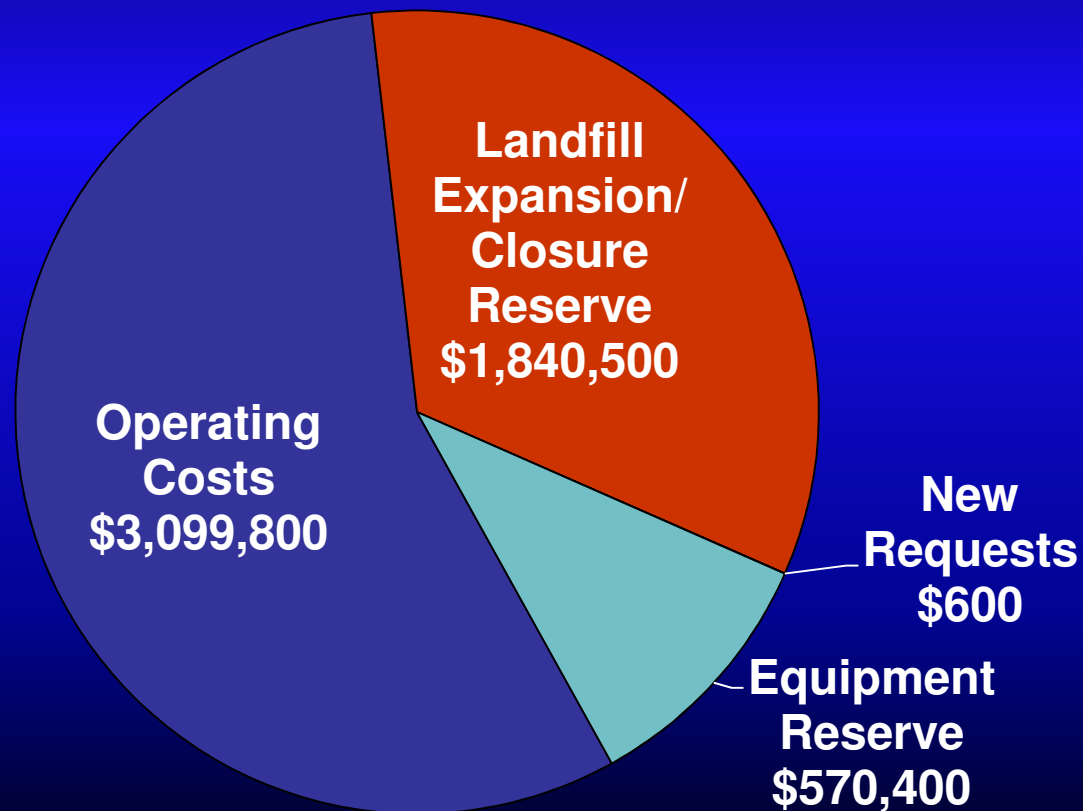
Average Residential Quarterly Bill (based on 14,310 gallons)



The Average Residential User Utility Bill is currently \$151.45 a quarter.

FY 16 Landfill Operating Budget

Total Budget: \$5,511,300

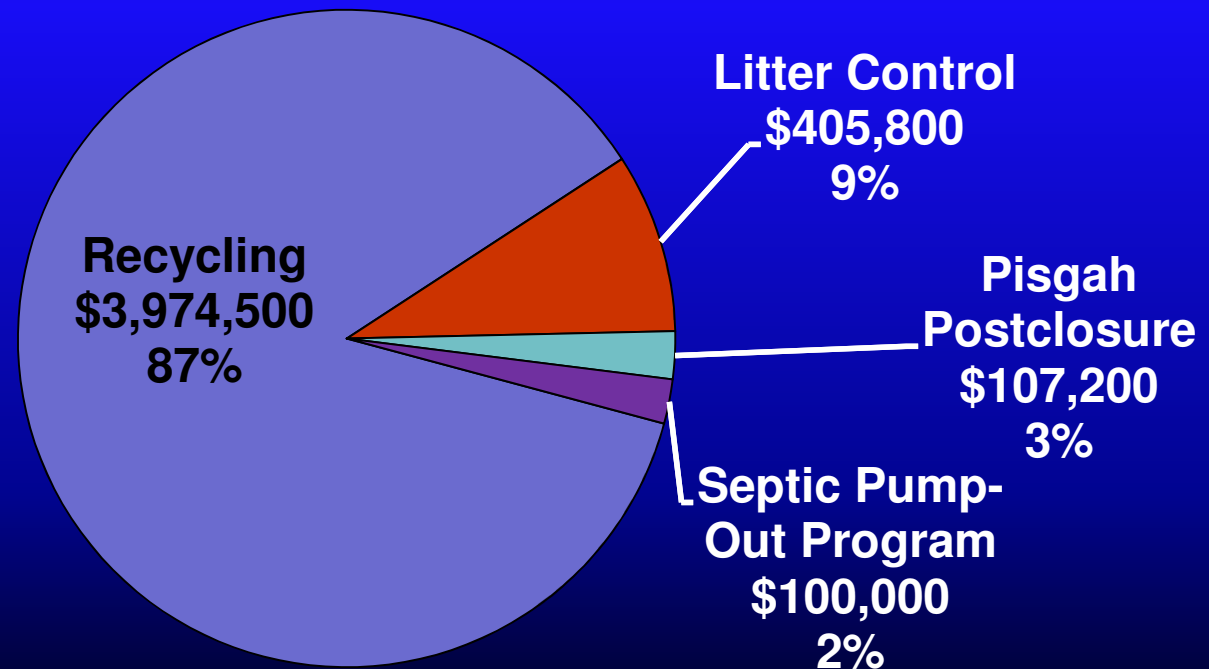


Landfill Fund

- **Recommending no change to the current tipping fee of \$70 per ton**
 - Fee has not increased since FY07
 - Tipping fee is comprised of:
 - Operating cost - \$38
 - Capital reserves - \$8
 - Landfill expansion/closure reserves - \$24
- **Recommending an increase in the tag-a-bag fee from \$1.75 to \$2.00 and the flat rate tipping fee for cars from \$5 to \$10**

FY 16 Environmental Service Fund Operating Budget

Total Budget: \$4,587,500



Recommended ESF Changes:

• FY15 Rate per improved property account	\$78
• Curbside Collection expansion	\$3
• To allow for the purchase of new equipment and for the enhancement/continuation of programs and services	\$3
• To allocate funding for the Septic Pump-Out program	\$2
• Increase due to reallocation of personnel based on assigned duties.	\$1
• Financing cost for the FY15 (full year) lease for a mack roll off truck and other equipment	\$1

FY 16 Recommended Rate	\$88
-------------------------------	-------------

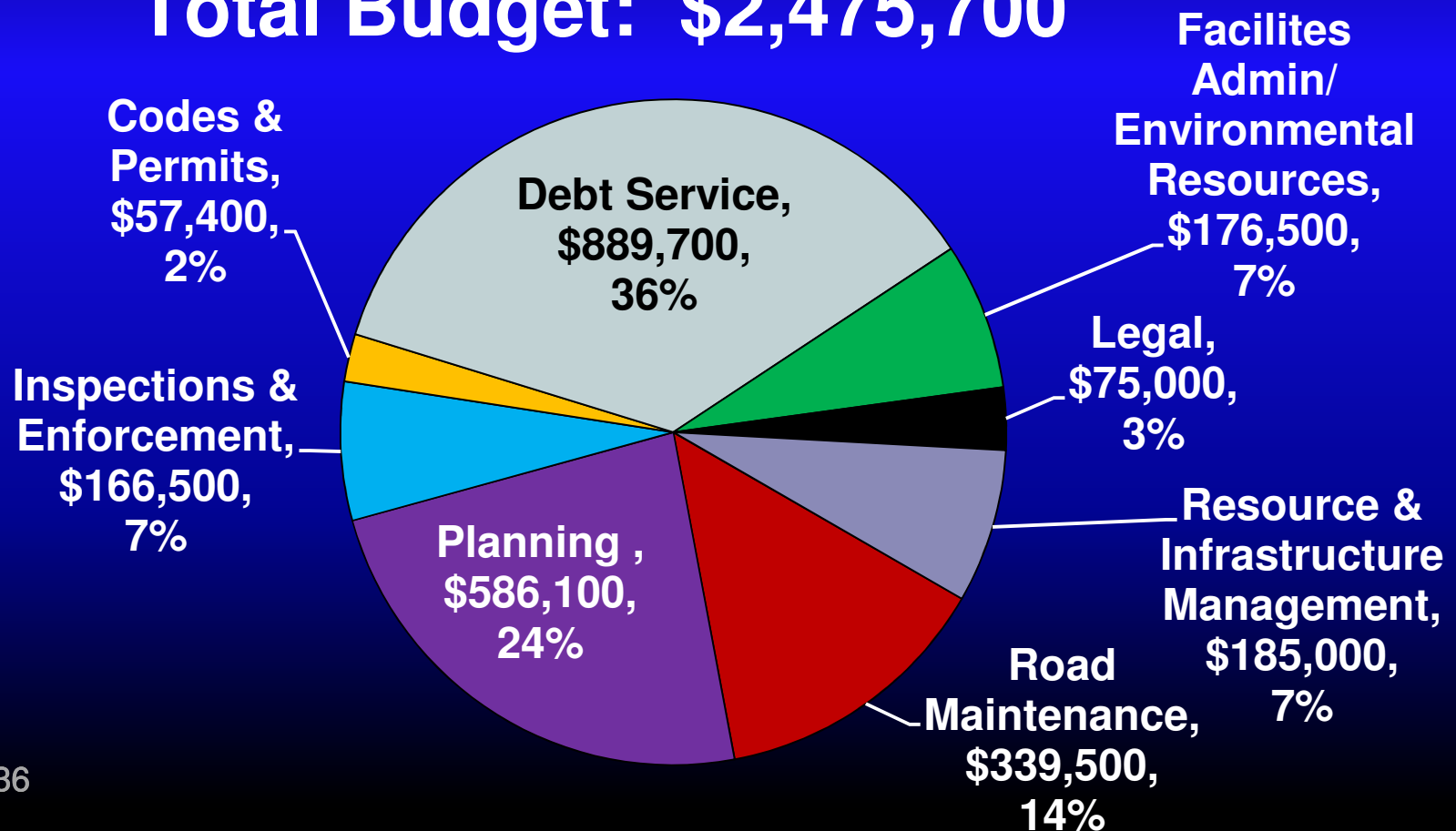
Environmental Service Fee History



In FY14, stormwater costs were moved to the Watershed Protection and Restoration Fund.

FY16 Watershed Protection and Restoration Fund Budget

Total Budget: \$2,475,700



Recommended WPRF Changes:

• FY 15 Rate per improved property account	\$43
• Debt Service for bonds issued for major capital project costs	\$5
• Additional contract inspectors to handle demands of new State MS-4 permit	\$2
• Decrease in operating expenses and contingency.	(\$3)
FY 16 Recommended Rate	\$47

Capital Improvement Program (CIP)

County Infrastructure

- Schools
- Buildings
- Roads
- Parks
- Water and Sewer
- Landfill
- Stormwater Management

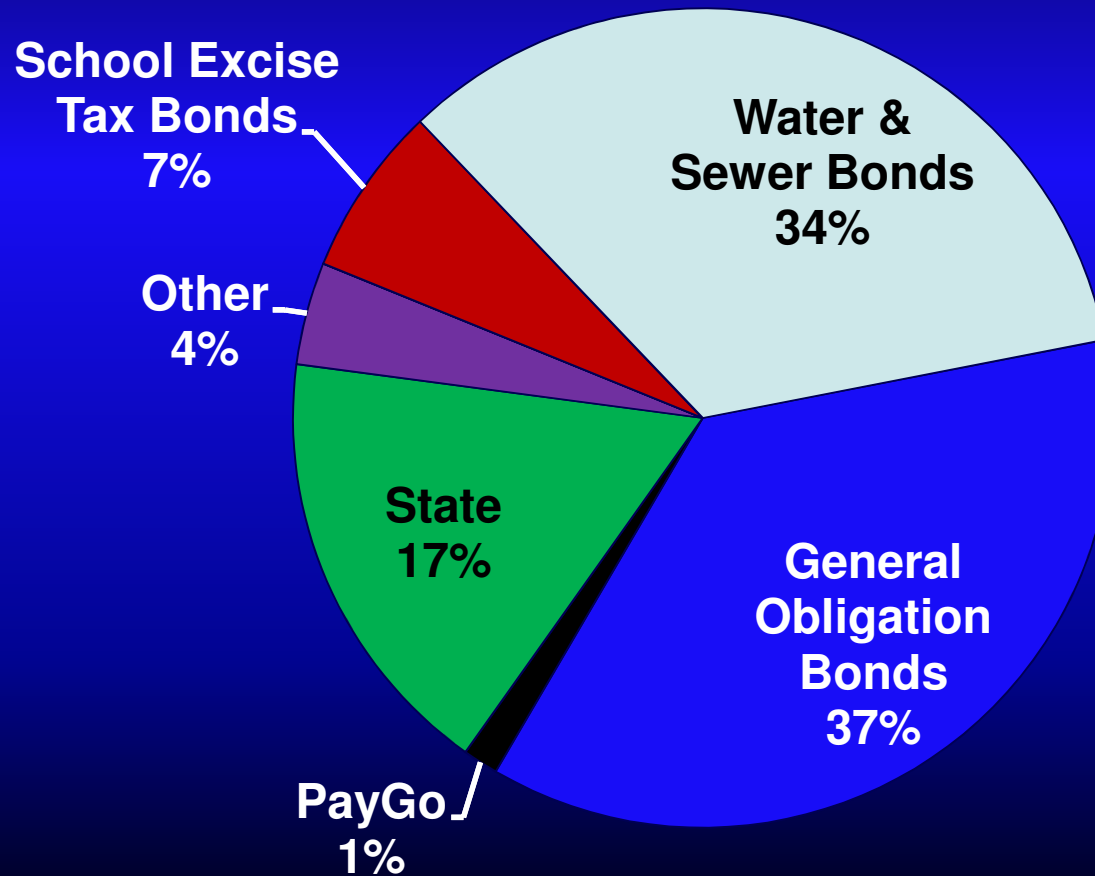
FY16-FY20 CIP – Governmental

(\$ in millions)



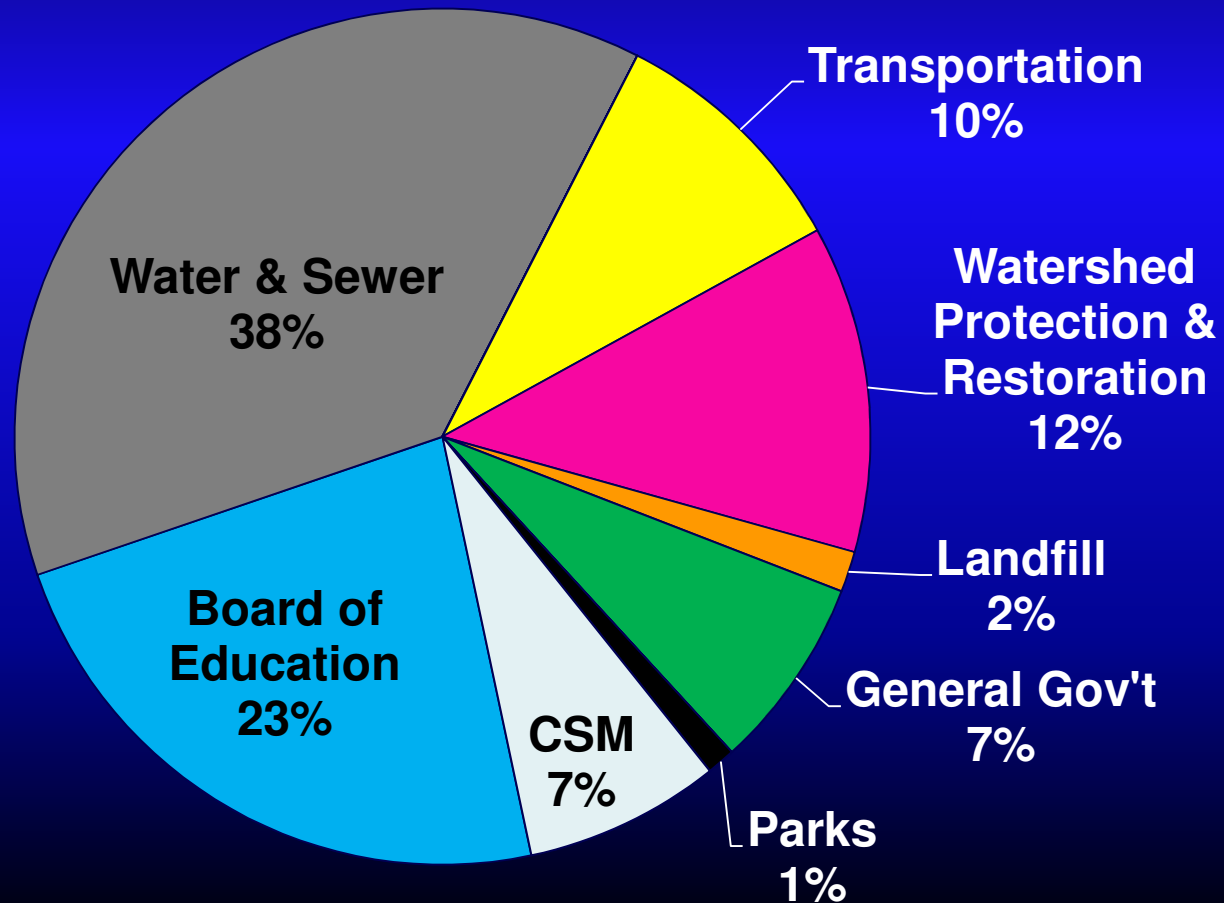
FY16–FY20 CIP Finance Sources

\$475,466,000



FY16-FY20 CIP - All Funds

\$475,466,000



FY16-FY20 CIP – All Funds

	Requested	Proposed
Water & Sewer Facilities	\$179,511,000	\$179,511,000
Board of Education	190,641,000	109,840,000
Stormwater	58,737,000	58,737,000
Transportation	55,474,000	45,018,000
College of Southern MD	35,215,000	35,215,000
General Government	97,009,000	34,721,000
Landfill	7,313,000	7,313,000
Parks	13,580,000	5,111,000
TOTAL	\$637,480,000	\$475,466,000

Fees & Charges

- **The County has a fees & charges schedule to recover the County's cost to provide a specific service to a customer**
- **Rates are reviewed annually and adjusted to reflect the cost of service delivery**

New Fees & Charges

DEVELOPMENT FEES

Site Design Architectural Review

Residential Inspection Fee (per inspection)

- Inspection Fee - **\$50 per unit**
- 1st Re-inspection - **\$50 per unit**
- 2nd Re-inspection - **\$150 per unit**
- 3rd and Subsequent Re-inspections-
\$300 per unit

New Fees & Charges Cont.

Site Design Architectural Review

Commercial Inspection Fee (per inspection),

- Inspection Fee - **\$75 per unit**
- 1st Re-inspection - **\$75 per unit**
- 2nd Re-inspection - **\$150 per unit**
- 3rd and Subsequent Re-inspections-
\$300 per unit

New Fees & Charges Cont.

Cultural Resources Review

- Site Development Plans - \$45**
- Final Plats (New or revisions not previously reviewed) - \$90**
- Minor Subdivision (New or revisions not previously reviewed) - \$180**
- Major Subdivision (New or revisions not previously reviewed) - \$450**

New Fees & Charges Cont.

**Variance Review Fee for Road/ Water/
Sewer- \$101**

New Fees & Charges Cont.

RECREATION FEES

- Birthday Parties ages 4 and up (additional participants over 20) - **\$10 each**
- Port Tobacco Recreation Center Rental - **\$60/\$75 hour (premium if outside normal operating hours)**

New Fees & Charges Cont.

SENIOR CENTERS' FEES

- Senior Center Membership (non-county resident) - **\$20 punch card**
- Private Case Management - **\$70 hr (pro-rated for each quarter hour)**

New Fees & Charges Cont.

GOLF COURSE FEES

Foot Golf:

- Weekday Regular **\$12**
- Weekday Junior **\$8**
- Weekend Regular **\$14**
- Weekend Junior **\$9**
- Ball Rental **\$4**

A list of all fees & charges is available in the Fiscal & Administrative Services' Budget Division during normal business hours and on our website at:

<http://www.charlescountymd.gov/fas/budget/budget>



Public Statements and Comments



Prepared by:

**Charles County Government
Fiscal & Administrative Services**

**David Eicholtz,
Director of Fiscal & Administrative Services
Jenifer Ellin,
Chief of Budget**

**200 Baltimore Street P.O. Box 2150,
La Plata, MD 20646
www.charlescountymd.gov**

Mission Statement

The mission of Charles County Government is to provide our citizens the highest quality service possible in a timely, efficient, and courteous manner. To achieve this goal, our government must be operated in an open and accessible atmosphere, be based on comprehensive long- and short-term planning, and have an appropriate managerial organization tempered by fiscal responsibility. We support and encourage efforts to grow a diverse workplace.

Vision Statement

Charles County is a place where all people thrive and businesses grow and prosper; where the preservation of our heritage and environment is paramount, where government services to its citizens are provided at the highest level of excellence; and where the quality of life is the best in the nation.